

## A G E N D A



<b>RCA</b>	Austin City Council	<b>Item ID</b>	5350
<b>Meeting Date:</b>	04/28/11	<b>Department:</b>	Treasury

## Subject

Approve a resolution giving the City's consent as required by Internal Revenue Code Section 147(f), to the City of Houston Higher Education Finance Corporation's issuance of bonds in an amount not to exceed \$90,000,000 and loan of the bond proceeds to Cosmos Foundation, Inc., a Texas non-profit corporation to finance the acquisition of land, design, site improvements, renovation, and equipment for educational facilities, including construction of (i) an approximately 65,000 square foot building at the Harmony School of Political Sciences and Communication, 13175 Research Blvd, Austin (ii) an approximately 22,000 square foot building at the Harmony Science Academy, 930 E. Rundburg Lane, Austin (iii) the Harmony School of Excellence, 2100 E. St. Elmo Rd., Austin (iv) the Harmony School of Science, 11800 Stonehollow Dr., Austin, and (v) the Harmony School of Political Sciences and Communication, at the corner of FM 620 Road and Lake Creek Parkway, Austin.

## Amount and Source of Funding

## Fiscal Note

<b>Purchasing Language:</b>	
<b>Prior Council Action:</b>	
<b>For More Information:</b>	Art Alfaro, Treasurer, Finance and Administrative Services 974-7882 or Leela Fireside, Law Department 974-2163
<b>Boards and Commission Action:</b>	
<b>MBE / WBE:</b>	
<b>Related Items:</b>	

## Additional Backup Information

The City of Houston Higher Education Finance Corporation intends to issue bonds in an aggregate amount not to exceed \$90,000,000 and loan the bond proceeds to Cosmos Foundation, Inc. The bond proceeds will be used to finance the acquisition of land, design, site improvements, renovation and equipment for educational facilities, including the construction of (i) an approximately 65,000 square foot building located at the Harmony School of Political Sciences and Communication, 13175 Research Blvd, Austin, (ii) an approximately 22,000 square foot building located at the Harmony Science Academy, 930 E. Rundburg Lane, Austin, (iii) the Harmony School of Excellence, 2100 E. St. Elmo Rd., Austin (iv) the Harmony School of Science, 11800 Stonehollow Dr., Austin and (v) the Harmony School of Political Sciences and Communication, at the corner of FM 620 Road and Lake Creek Parkway, Austin.

The Higher Education Finance Corporation Act (Chapter 53, Texas Education Code) permits a nonprofit corporation, acting on behalf of a city or a county, to sell bonds, made loans, or enter into leases to finance or refinance educational facilities for private universities, private schools and public charter schools. Because the facilities being financed for Cosmos Foundation, Inc. are located within the City of Austin, the Internal Revenue Code requires that the Mayor or the City Council approve the issuance of the bonds and the loan. The city of Austin has handled this in the past by providing the City Council's approval of the issuance of bonds and the loan by way of a City Resolution.

The City of Austin is not being asked for funds. In no way will the bond indebtedness or the loan be considered a debt or liability to the City. The financing does not count against the City's bonding capacity. All the expenses and repayment liability for this financing are solely an obligation of the Cosmos Foundation.